

COMMONWEALTH OF VIRGINIA
VIRGINIA GAS AND OIL BOARD HEARINGS
Minutes -January 25, 2011

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held a special called meeting at 9 a.m. on Tuesday, January 25, 2011, at the Russell County Office Complex, Conference Center, and 139 Highland Drive, Lebanon, Virginia.

Board members present: Bradley (Butch) Lambert, Chairman, Katie Dye, Bill Harris, Bruce Prather and Mary Quillen.

Also present were: Sharon M. B. Pigeon, Sr. Assistant Attorney General, David E. Asbury Jr. Principal Executive to the Staff of the Board and Diane J. Davis Programs Administrator, Division of Gas and Oil.

1. The board will receive public comments.

Public comments were received from Catherine Jewell.

Housekeeping matter – Unit DD28- Escrow payments were previously made to Charles & Virginia Hylton. The check was for \$323.36 and was originally paid to both but should be paid to Mr. Charles Hylton only. The Board approved re-issuance of this payment.

2. The Board will receive the 2010 annual report from First Bank and Trust, Escrow Agent for the Virginia Gas and Oil Board.

This presentation was made at the January 18, 2011 meeting.No change since the presentation at January 18, 2011.

3. The Board will receive an update from staff regarding escrow account activities.

The board approved purchase of the PDF software at a cost of approximately \$400 for their portion. The software will be used by all DMME divisions.

4. The Board will consider a petition from CNX Gas Company, LLC, for **disbursement** of funds from escrow and the authorization of direct payment for unit AY-98, Hurricane District, Buchanan County, Virginia. The petition is for disbursement of a portion of Tract 3. Docket Number VGOB-05-1213-1542-01.

The disbursement request is based on a 50/50 split agreement per testimony. The disbursement was approved by the Board. The applicant requests the parties to be paid direct. The account will need to continue.

5. The Board will consider a petition from CNX Gas Company, LLC, for **disbursement** of funds from escrow for unit U-11, Garden District, Buchanan

County, Virginia. The petition is for disbursement of a Tracts 1, 2 and 4. Docket Number VGOB-93-0420-0354-01.

The disbursement request is based on a 50/50 split agreement per testimony. The disbursement was approved by the Board. The account will need to continue. Parties are being paid under another order so the order will not need to address direct payment.

6. The Board will consider a petition from CNX Gas Company, LLC, for **disbursement** of funds from escrow for unit U-10, Grundy District, Buchanan County, Virginia. The petition is for disbursement of a Tracts 4 and 5. Docket Number VGOB-91-0618-0133-02.

The disbursement request is based on a 50/50 split agreement per testimony. The disbursement was approved by the Board. The account will need to continue. Parties are being paid under another order so the order will not need to address direct payment.

7. The Board will consider a petition from CNX Gas Company, LLC, for **disbursement** of funds from escrow and the authorization of direct payment for unit AZ-121, New Garden District, Russell County, Virginia. The petition is for disbursement of a Tract 1C. Docket Number VGOB-04-1116-1359-01.

The disbursement request is based on a 50/50 split agreement per testimony. The disbursement was approved by the Board. The applicant requests to pay applicants directly. The account will need to continue.

8. A petition from GeoMet Operating Company, Inc. for **pooling** of coalbed methane unit 266 VA Unit YYY-42, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2879.

The petition was approved with escrowing required for Tracts 1, 3 and 4.

9. A petition from GeoMet Operating Company, Inc. for **pooling** of coalbed methane unit 578 VA Unit ZZZ-43, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2880.

The petition was approved with escrowing required for Tracts 1, 2 and 3.

10. A petition from EQT Production Company for **re-pooling** unit VH-539922, Gladeville District, Wise County, Virginia. Docket Number VGOB-08-0715-2278-01.

The petition for re-pooling was approved by the Board with escrowing for Tract 19 and a portion of 26.

11. A petition from EQT Production Company for **pooling** of a coalbed methane unit VC-537063 (Nora Grid AG-75), Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2881.

The petition was approved by the Board with escrowing required for Tracts 1, 2, 3 and 4.

12. A petition from EQT Production Company for **pooling** of a coalbed methane unit VCI-531607 (Nora Grid AS-82), Hurricane District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2882.

The petition was approved by the Board with escrowing required for Tract 2.

13. A petition from EQT Production Company for pooling of a coalbed methane unit VCI-531625 (Nora Grid AT-81), Hurricane District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2883.

John Sheffield appeared and asked specific questions. Mr. Sheffield was asked to meet with David Asbury or EQT regarding certain questions. The petition was approved by the Board with no escrowing required.

14. A petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531528, Gladeville District, Wise County, Virginia. Docket Number VGOB-11-0125-2884.

The petition was approved by the Board with escrowing required for Tracts 15, 16, 19, 22, 35.

15. A petition from EQT Production Company for pooling of a coalbed methane unit VCI-538428 (Nora Grid BN-89), New Garden District, Russell County, Virginia. Docket Number VGOB-11-0125-2885.

The petition was approved by the Board with escrowing required for a portion of Tract 3.

16. A petition from EQT Production Company for pooling of a coalbed methane unit VCI-537447 (Nora Grid BK-79), Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-0125-2886.

The petition was approved by the Board with escrowing required in Tract 2.

17. A petition from EQT Production Company for pooling of a coalbed methane unit VCI-537428 (Nora Grid BL-79), Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-0125-2887.

The petition was approved by the Board with escrowing required in Tract 2.

18. A petition from EQT Production Company for pooling of a coalbed methane unit VCI-538847 (Nora Grid AP-80), Prater District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2888.

The petition was approved by the Board with escrowing required in Tract 2.

19. A petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531556, Roberson District, Wise County, Virginia. Docket Number VGOB-11-0125-2889.

The petition was approved by the Board with no escrowing required.

20. A petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531588, Robertson District, Wise County, Virginia. Docket Number VGOB-11-0125-2890.

The petition was approved by the Board with escrowing required for Tracts 14 and 15. A revised AFE reflecting correct well number will be submitted.

21. A petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531559, Roberson District, Wise County, Virginia. Docket Number VGOB-11-0125-2891.

The petition was approved by the Board with escrowing required for Tracts 15 and 16.

22. A petition from EQT Production Company for pooling of a horizontal conventional gas unit VH-531558, Roberson District, Wise County, Virginia. Docket Number VGOB-11-0125-2892.

The petition was approved by the Board with escrowing required for Tracts 12 and 19.

23. A petition from EQT Production Company for pooling of horizontal conventional gas unit VH-531557, Robertson District, Wise County, Virginia. Docket Number VGOB-11-0125-2893.

The petition was approved by the Board with escrowing required for Tracts 15 and 16.

24. A petition from EQT Production Company for the establishment of a 320 acre drilling unit (EQT 2894) for the drilling of horizontal conventional gas wells, Roberson District, Wise County, Virginia. Docket Number VGOB-11-0125-2894.

The petition was approved by the Board.

25. A petition from EQT Production Company for the establishment of a 320 acre drilling unit (EQT 2895) for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-11-0125-2895.

The petition was approved by the Board.

26. A petition from EQT Production Company for the establishment of a 320 acre drilling unit (EQT 2896) for the drilling of horizontal conventional gas wells, Gladeville District, Wise County, Virginia. Docket Number VGOB-11-0125-2896.

The petition was approved by the Board.

27. A petition from EQT Production Company for a well location exception for proposed horizontal conventional gas well VH-531468, Gladeville District, Wise County, Virginia. Docket Number VGOB-11-0125-2897.

The petition was withdrawn by the applicant.

28. A petition from EQT Production Company for the establishment of a 480 acre drilling unit for the drilling of horizontal conventional gas wells, Roberson District, Wise County, Virginia. Docket Number VGOB-11-0125-2898.

Petition continued to March 2011 at the request of the operator (Docket number should be a modification of prior petition for unit establishment).

29. A petition from EQT Production Company for modification of the Nora Coalbed Gas field to allow for the drilling of an additional well in units 52BA (VC-535440); 51BB (VC-536085), 52BC (VC-536373), Ervinton District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-74.

The petition was approved by the Board.

30. A petition from Range Resources-Pine Mountain, Inc. for modification of prior approved provisional drilling unit VH-530173, Kenady and Ervinton Districts, Dickenson County, Virginia. Docket Number VGOB-08-0916-2332-01.

The petition was approved by the Board.

31. A petition from Appalachian Energy, Inc. for pooling of a coalbed methane unit AE-235 (Unit H-101), North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2899.

The applicant was granted a continuance to the May 2011 docket.

32. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres (RR 2900) for the drilling of

horizontal conventional gas wells, Sandlick District, Dickenson County, Virginia.
Docket Number VGOB-11-0125-2900.

The petition was approved by the Board.

33. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres (RR 2901) for the drilling of horizontal conventional gas wells, Prater District, Buchanan County, Virginia.
Docket Number VGOB-11-0125-2901.

The petition was approved by the Board.

34. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres (RR 2902) for the drilling of horizontal conventional gas wells, Prater District, Buchanan County, Virginia.
Docket Number VGOB-11-0125-2902.

The petition was approved by the Board.

35. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres (RR 2903) for the drilling of horizontal conventional gas wells, Prater District, Buchanan County, Virginia.
Docket Number VGOB-11-0125-2903.

The petition was approved by the Board.

36. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres (RR 2904) for the drilling of horizontal conventional gas wells, Prater District, Buchanan County, Virginia.
Docket Number VGOB-11-0125-2904.

The petition was approved by the Board.

37. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530084, Kenady District, Dickenson County, Virginia. Docket Number VGOB-11-0125-2905.

The petition was approved by the Board.

38. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530085, Kenady District, Dickenson County, Virginia. Docket Number VGOB-11-0125-2906.

The petition was approved by the Board.

39. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well V-530294, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-0125-2907.

The petition was approved by the Board.

40. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well 823793 (PPN-2), Knox District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2908.

The petition was approved by the Board.

41. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well 823794 (PPN-3), Knox District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2909.

The petition was approved by the Board.

42. A petition from Range Resources-Pine Mountain, Inc. for a **well location exception** for proposed conventional gas well 826621 (PP-89), Knox District, Buchanan County, Virginia. Docket Number VGOB-11-0125-2910.

The petition was approved by the Board.

43. The Board will review the January 18, 2011 minutes for approval.

The minutes were approved.

In further business the Board took the following actions:

- a. Continued the APA Audit review and discussion to February 15, 2011.**
- b. Approved the sharing of costs for the purchase of software relative to the detailed review of documents and presentation of escrow activities in electronic format.**

The meeting was adjourned by the Chairman.